

## The Rural Labour Market in Samrong Torng

**Mr. Chan Sophal, a Researcher with CDRI, examines the earnings derived from agricultural activities and the opportunities for off-farm and non-farm work in a typical wet season, rice cultivating commune in Kompong Speu Province.\***

### Introduction

Emerging from decades of civil war and strife Cambodia has achieved marked economic growth, averaging about 5 percent *per annum* over the past decade. However, the benefits of this growth have been concentrated in urban areas. Agriculture, which until recently was adequate for subsistence, has only grown about 1.5 percent *per annum* on average in the past decade. Due mainly to the baby boom of the 1980s, the rapid expansion of the labour force has outpaced the creation of jobs in the non-agricultural sectors. Cambodia is, therefore, facing the significant challenge of job creation for a labour force that is growing by about 200,000 every year. Since agricultural expansion has its physical and institutional limits, expansion of non-farm and off-farm employment will play a critical role in providing income to the rural poor. The rural economic structure has to change, especially if part of the forests and water bodies are to be preserved.

Following the preferential trade status provided by the US in 1996 and the EU in 1997, Cambodia achieved a remarkable inflow of foreign direct investment in the garment industry making it the country's leading industry (Sok, Chea and Sik 2001). There are around 220 garment factories, employing about 160,000 workers, most of whom are young women from rural areas. However, this is clearly not sufficient to meet the expanding demand of the labour force. As was the case in a number of developing countries studied by Ellis (2000), many rural residents in Cambodia are engaged in other forms of work to supplement their farm income, which occupies them for only about 2–3 full months in a year. Based on a survey of nine villages distributed across the major ecosystems in Cambodia, Chan and Acharya (2002) estimate that agriculture contributes only 29 percent of the total income of rural households. The rest of income is derived from hiring out labour including out-migration (17 percent), exploiting common property resources (22 percent), small trades or business activity (29 percent) and other income (4 percent). Surprisingly, the structure of income does not vary greatly from one region to another.

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In Cambodia, about 85 percent of the population live in rural areas and nearly 80 percent are engaged in agriculture, forestry and fisheries (Royal Government of Cambodia 2001). About 75 percent of the population describe themselves as paddy rice farmers<sup>1</sup> and around 85 percent of paddy rice is cultivated in the wet season. Among these wet season rice-cultivating communities it is, therefore, important to understand how people make their living producing rice. Due to limited resources this study takes the case of one commune that shares characteristics typical to most Cambodian communes that cultivate wet season rice. In this way, findings from the survey can be said to reflect many other communes.

### Employment

The concept of 'employment' or 'unemployment' does not apply as well in the context of rural Cambodia as it does in other countries, though the concept of 'under-employment' does. As indicated in previous national surveys and the 1998 census, Cambodia's unemployment rate was around one percent only. However, what does one percent unemployment actually mean when most people do not earn livable wages and about 40 percent of rural residents are still under a poverty line of less than half a dollar a day?

The current study does not aim to assess the unemployment rate in the commune. Instead, it details the extent to which people work, and how much they earn each day. Is the earning adequate for poverty reduction? Which months in the year are people most busy or likely to have jobs? Moreover, in which months are people free for the majority of their time? The different types of jobs, age groups and gender are also explored.

The survey found that most people rarely work more than 200 days a year despite the fact there is no difference between weekdays and weekends for Cambodian rural farmers. Only men aged 25–44 work for about 200 days a year. Except for the 15–24 age group, women work less days than men, but this does not include unpaid housework such as taking care of children and cooking. As for the youngest age group, women have more days (153 days/year) to work than men (127 days/year). This is mainly because numbers of young women in the commune found employment with garment factories in Phnom Penh.

Concerning the seasonality of employment, a similar pattern is observed between males and females. The period between October and November is the slowest time in the year. On average, people do not work more than 10 days a month during this period. The busiest months are December, which is rice-harvest time, and July to August, which is the rice-transplanting period. On average, rice cultivation, which lasts around six or seven months between June and December, keeps people busy for only about two and a half months. The most intensive period is for transplanting and harvesting, which lasts about 15 days each. The rest of the time is spent on preparing soil and taking care of weeds, and to a certain extent, water control.

During the dry season of January to April, when rice is not cultivated, palm sugar is produced, which keeps men busier than women. Palm sugar production has been on the decline due to increasing fuel costs, while the price of palm sugar has not risen in the wake of competition from other kinds of imported sugar. The supply of wood for processing palm juice has been gradually decreasing owing to over-exploitation of the resources. The consequence is that smaller numbers of households now produce palm sugar and they have lower returns. Reportedly, about 70 percent of the households in the commune cultivated palm sugar in 1997. Our survey found only 40 percent of the households continue to do this. As for income, average net return is among the lowest in the commune, standing at 1,534 riels a day for one adult labourer in 2002. This should be reduced if child labour is counted. For the sake of useful comparison, a net return from adult labour in rice cultivation was about 2,000 riels a day in 2001. However, the drought in 2002 brought the figure down to 966 riels. As will be shown below, an average daily wage for undertaking paid work was around 3,000 riels.

### The Variety of Jobs and Earnings

Table 1 shows the extent to which each category of employment involves male and female rural labourers aged between 25–64. Almost all people in this age group did some work in the year 2002. Ninety-one percent of males and 83 percent of females were engaged in rice cultivation (Columns 1 and 2). Of these people, each spent an average 2.5 months on the activity (Columns 1 and 2). The second largest job of the year for the commune seems to be palm sugar production, though, as discussed above, the net return seems to be among the lowest. 43 percent of men and 34 percent of women were engaged in the activity, each spending an average 88 days and 69, respectively. As for *chamkar* or other crop production, only 1 percent of male workers and 2 percent of female workers were occupied, spending, on average, no more than 20 days *per annum*.

A worker spends 77 days each year in paddy production. In a good year, a net return from this labour is about 2,000 riels a day. Therefore, one worker earns

about 154,000 riels a year from their own rice production. If the person also produces palm sugar (which is the case for about 40 percent of the working age population) they earn about 79,000 riels more. An average worker therefore, who only undertakes both these activities, earns only about 233,000 riels or \$60 a year. This is only about 'one third' of what is needed to live around the poverty line, not to mention the need to support other family members.<sup>2</sup> Clearly, rural workers badly need additional work and the potential for additional employment opportunities forms the main question of this study.

The study found a number of cash earning jobs were available for the residents of the Samrong commune, which is located about 60km southwest of Phnom Penh. Only 20 percent of working age males and 32 percent of females undertook jobs inside the commune to earn

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some cash, each spending, on average, 94 days in the year 2002. The average earning for a job within the commune was about 3,000 riels a day for men and 2,300 riels for women, though the jobs were not necessarily the same.

It is of interest to note that daily wage rates for both men and women undertaking work in the commune are generally lower during the first half of the year than in the second. This could reflect the greater demand for labour during wet-season rice cultivation.

There appears to be more cash earning jobs available outside the commune and, as expected, the wage rate is also higher outside. Thirty-eight percent of working age men and 22 percent of the women found cash earning jobs outside the commune. However, each working male had an average 105 days work, while each working female had 195 days work. This is mainly because male workers do more short-term work in construction, small trade and other work, while female workers opted for longer terms of employment, mainly in the garment factories, which pay a higher rate than agriculture.

Only 26 percent of both males and females of the working age population had some form of cash earning job to do in the commune. As much as 87–90 percent did not have any cash-earning job to do in the commune during any month of 2002 (Table 2 overleaf). Fewest jobs were available between September to November, and between the rice transplanting and harvesting periods. Since rice production in the commune is of subsistence nature, very few people found paid work in farming within the commune. When there was farm work, which was mainly between July-August (transplanting) and December (harvesting), the daily earning was on average about 3,500 riels or about \$0.90 per worker.

Three to 8 percent of the working age population were engaged in small trade or small business activities such as making thatch from palm leaves, selling groceries, and selling cakes throughout the year. Relatively

**Table 1. Percentage of People Undertaking Different Jobs and the Average Number of Days.**

	% people doing		Average days of	
	Male	Female	Male	Female
All jobs in the year	98%	99%	168	159
Rice cultivation	91%	83%	79	75
Palm sugar production	43%		88	69
Chamkar	1%	2%	19	9
Cash earning jobs inside commune	20%	32%	104	88
Cash earning jobs outside commune	38%	22%	105	195

**Table 2. Availability of Cash Earning Jobs and Daily Earnings inside Commune**

	Farm work		Small trade/business		Other jobs		% not having cash earning job inside
	% having job	Daily earning	% having job	Daily earning	% having job	Daily earning	
Jan	1%	3,333	7%	1,952	5%	2,613	87%
Feb	0%	..	7%	1,906	6%	2,528	87%
Mar	0%	..	8%	1,868	5%	2,516	87%
Apr	0%	5,000	7%	1,826	5%	2,571	87%
May	1%	4,000	6%	2,364	5%	2,653	89%
Jun	2%	7,778	6%	2,304	5%	2,795	87%
Jul	5%	3,565	4%	3,565	5%	2,676	86%
Aug	8%	3,500	3%	3,008	5%	2,863	84%
Sep	2%	3,200	3%	2,008	5%	2,714	90%
Oct	0%	4,000	4%	3,319	5%	2,726	91%
Nov	1%	3,000	4%	3,725	5%	2,726	90%
Dec	4%	3,442	4%	2,225	5%	2,635	87%

more people, about 6–8 percent, did these activities in the first half of the year, compared to 3–4 percent in the second half. However, daily earnings were around 2,000 riels for the first half of the year but 3,000 riels for the second half. Many more women than men are in this category of cash earning jobs, reflecting a traditional division of labour.

As well as the activities indicated above, about 5 percent of the working-wage residents in Samrong had other kinds of employment within the commune including working as soldiers, local policemen, teachers, nurses and other local authority occupations. These appear to be permanent jobs as virtually the same proportion of the working age population was employed for every month of the year 2002 and the wage was more or less the same, standing just around 2,600 riels a day.

It should be noted that earnings from either small trade/business activities or 'other' jobs were smaller than earnings derived from farm labouring. This is mainly because farm work is the hardest job in terms of labour intensity and is available for only a few days at a time. The former jobs are mostly less intensive in terms of time and labour, and are of a longer-term nature. The other factor is that farm work requires many people at the same time, raising the price of labour. As discussed below, beside farm employment, there are very few jobs available. The opportunity cost of labour is so small that people would do anything for even a return of around 1,000 riels.

There is not enough work to do within the commune. Residents are forced to migrate to other areas, especially Phnom Penh, to find employment to supplement their income. The survey employed detailed questions to identify what employment the Samrong residents found outside the commune.

As presented above, 38 percent of males and 22 percent of females in the working age population were engaged in cash earning jobs outside the com-

mune for some time in the year. However, within a particular month, less than 17 percent of the working age population found work outside the commune, however, they might sometimes find more than one job a month (Table 3).

Five to six percent of the 17 percent that found work outside the commune (most of whom were young women), were employed in garment factories, each earning around 6,500 riels if calculated per day. This wage rate is highly comparable to the rate earned by construction workers, which were mostly men. Garments are the leading sub-sector in the industrial sector of the present Cambodian economy. However, as revealed in Table 3, a small percentage (about 5 percent) of the labour force could find work in this industry.

Garment workers have to consume very minimal amounts of food in order to be able support their family, who earn about \$100 each year from traditional rice cultivation. Our survey found that many garment workers could send home about \$30 a month. Consequently, a single worker would save about \$300 a year, far greater than savings derived from household rice production. Households with two young women to work in garment factories are generally among the better-off in the village. Many houses were built as a result of savings from garment industry. A trickle down effect was definitely observed in the Samrong commune. This is, however, achieved at a cost to the medium and long-term well-being of the workers, who are eating and living poorly in order to save. Nevertheless, from the viewpoint of the labour market, 'little is better than nothing'. There appears to be a substantial labour surplus in the rural areas and the opportunity cost of the labour is very small.

There are not many people who trade outside the commune. Only 1–3 percent of the working age population were engaged in trade during any month of the year in 2002. Daily earnings were around 4,500 riels a day in the first half of the year, compared to 2,500 riels in the second half of the year.

**Table 3. Cash Earning Jobs Outside the Commune**

	Garment factory		Trade		Construction work		Other jobs		% having no jobs outside
	%with job	Daily earning	%with job	Daily earning	%with job	Daily earning	%with job	Daily earning	
Jan	5%	6,521	3%	4,409	3%	6,571	9%	3,527	83%
Feb	5%	6,521	3%	4,636	3%	6,500	8%	3,267	83%
Mar	5%	6,522	3%	4,409	3%	6,393	8%	3,275	84%
Apr	5%	6,522	3%	4,636	3%	7,000	8%	3,299	84%
May	5%	6,548	1%	8,833	1%	6,000	5%	3,136	88%
Jun	5%	6,548	1%	12,125	1%	5,667	5%	3,771	88%
Jul	5%	6,575	1%	2,500	0%	5,500	5%	2,841	88%
Aug	6%	6,572	1%	2,375	1%	7,000	5%	2,641	88%
Sep	6%	6,419	1%	2,500	1%	6,200	5%	4,724	88%
Oct	6%	6,609	2%	2,700	0%	5,500	5%	4,590	87%
Nov	6%	6,675	2%	2,800	1%	6,500	5%	2,625	86%
Dec	6%	6,675	2%	2,667	0%	6,000	4%	2,583	87%

Construction is a very large sub-sector in the industrial sector of the Cambodian economy, second only to manufacturing. As in any other country, construction in urban areas draws significantly on rural labour. Phnom Penh has experienced remarkable growth in construction, receiving about 600–800 applications annually for construction of houses, apartments, and hotels (CDRI, *Flash Report on the Cambodian Economy, January 2003*).<sup>3</sup> More construction work is available in the dry season. Therefore, 3 percent of the Samrong commune labour force could find work in this sector between January–April, while only one percent, or less, could do so between May and December. Earnings do not vary remarkably from month to month, the average being around 6,300 riels a day.

Beside the above-mentioned jobs, around 5–8 percent of the labour force were engaged in other jobs for some months of the year. These jobs included moving soil, moto-taxi driving, and other forms of hiring out labour. The average earnings were about 3,500 riels a day.

The survey found no significant employment in agriculture and fisheries outside the commune obtained by Samrong residents. This is mainly because Kompong Speu province is not well endowed with rice and fishery production. Evidently, Kompong Speu residents have to depend more on non-agricultural activities to earn cash.

### Conclusion

Despite the fact that food production has been rising gradually, it is widely accepted that off-farm and non-farm employment is critical to rural livelihoods in Cambodia. An average farm of one hectare, growing paddy rice in the wet season, provides an income of around \$100 *per annum*: this is far from sufficient to meet subsistence needs that require about \$1,000 for a rural family of six to live above the poverty line.

Population growth is causing atomization of land, leading to deterioration of farm income and landlessness. There is, therefore, greater and greater dependence on off-farm and non-farm employment. Cambodia's modern sectors including garment, construction and tourism have experienced rapid growth, but they still only absorb a small proportion of the labour force. Other available jobs are of a more informal nature, such as petty trade and hiring out unskilled labour for heavy work.

The survey found that high 'underemployment' is prevalent in the commune. Most people do not have jobs to do all round the year even though they would accept low earnings of just \$0.50 per day. Household rice cultivation occupies rural residents (about 66 percent) for only about 2–3 months each year, providing a return of about 2,000 riels a day for adult labour if there are no droughts or other disasters. Palm sugar production, which is most common in Kompong Speu province,

keeps about 40 percent of the labour force busy for about 1.5 months. Returns from this household job are about 1,500 riels, which is among the lowest. This traditional industry is losing out due to increased costs of fuelwood and severe competition from imported sugar.

There are not many cash earning jobs at all inside the commune. In any particular month, only about 13 percent of the working age population find some work paying about 3,000–4,000 riels a day. About the same proportion of the labour force have opportunities to earn some cash outside the commune, notably in the garment factories. Returns from this employment are about 6,500 riels, about the same as construction work. These earnings are higher than other jobs identified in the survey.

While policy conclusions should not be drawn from the study of one commune, there is no denying that there is an urgent need for job creation for the rapidly expanding labour force to make a living. The challenge facing Cambodia is the need to create these jobs and expand opportunities for income generation, especially in rural areas.

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### Endnotes

<sup>1</sup> This may be misleading because rice cultivation employs farmers for only about 2–3 months each year. Although other jobs are more financially important, many Cambodians still call themselves farmers.

<sup>2</sup> The poverty line for rural area was 1,777 riels according to the Socio-economic Survey of 1999 (Ministry of Planning 2000). Consequently, for one year, one person (average of children and adults) needs (1,777 riels x 360 days) or 639,720 riels *per annum* just to reach the poverty line.

<sup>3</sup> These are formal applications. There is also construction of a considerable numbers of small buildings that are not on Municipal record.

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